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C O N F I D E N T I A L SECTION 01 OF 02 DHAKA 000954

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DEPT FOR SCA/INSB AND SCA/FO

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TAGS: BG EAID ECON KDEM PGOV PK PREL PTER

SUBJECT: AMBASSADOR DISCUSSES U.S. PRIORITIES WITH PRIME

MINISTER HASINA

Classified By: CHARGE NICHOLAS DEAN FOR REASONS 1.4 (B) AND (D)

11. (C) SUMMARY: The Ambassador met with Prime Minister Sheikh Hasina on October 6. He reviewed her productive UN General Assembly trip and U.S. interest in cooperating with Bangladesh on climate change, food security, UN Peace Keeping Operations and counter-terrorism. The PM was receptive to U.S. global priorities and the Ambassador's urging of more productive Bangladesh-Indian relations. She shared his view on the importance of the Bangladeshi diaspora, good governance and education reform. The Ambassador pressed the Prime Minister on commercial advocacy matters and received some disappointing answers. The Prime Minister began the meeting by enthusiastically citing President Obama and the First Lady's positive response to her invitation to visit Bangladesh. END SUMMARY

Hasina's UNGA Trip: U.S.-GOB policy Convergence

 $\underline{\ }$ 2. (C) The Ambassador's October 6 meeting with Prime Minister Sheikh Hasina was their first since her return from the United Nations. The Ambassador congratulated Hasina on a productive trip to New York. He noted that the PM had addressed issues that were also important for the United States, including climate change, food security, UN Peace Keeping Operations and Counter Terrorism. Citing climate change as an example, he said Bangladesh had the opportunity to lead by showing the world how to effectively mitigate the effects of global warming. On food security, they agreed on the need to develop saline resistant crops and stockpile reserves to use after natural disasters. She reiterated the GOB's strong interest in a greater role in UN Peacekeeping policymaking. The PM led off her UNGA review by noting President Obama and the First Lady's positive response to her invitation to visit Bangladesh.

Harnessing the Bangladeshi Diaspora in the U.S.

13. (C) The Ambassador reaffirmed U.S. desire to engage the Bangladeshi-American community in the United States. He acknowledged that the community was split into various factions, but observed that the Indian-American community had also been divided just a few years ago. This community had united effectively to promote closer bilateral ties, including the United States-Indian nuclear cooperation agreement. It was possible for the Bangladeshi-American community to similarly unite to benefit both Bangladesh and the U.S. Hasina agreed with the value of harnessing the Bangladeshi diaspora, but worried that Bangladeshi-Americans were being disproportionately affected by the effects of the global economic crisis in the United States.

Counter-Terrorism Cooperation, Bangladesh-India Relations

14. (C) The Prime Minister reiterated her government's demonstrated commitment to Counter-Terrorism cooperation with the United States. She said she had a productive conversation with Pakistani President Zardari in New York and believed that he was serious about combating terrorism. The PM voiced concern that as terrorists were driven out of Pakistan, many might come to Bangladesh. Alluding to attempts made on her own life, Hasina declared that she was serious about fighting terrorism and invoked herself as a possible martyr. While her firm stance might ultimately lead to her assassination, she opined, she would keep fighting, Hasina told the Ambassador. The PM raised the importance of improved Bangladesh-Indian relations to both countries, reiterating her intention to continue improving ties with New Delhi.

Abuse of Power vs. Good Governance

15. (C) The Ambassador applauded Hasina for her strong public remarks, most recently before parliament, decrying abuses of power by members of parliament, including by members of her ruling Awami League. These statements alone had not stopped abuses by some members, he observed. The United States will continue to speak out against corruption and advocate for good governance for as long as necessary. The Ambassador

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pledged to continue to raise the issue with the Prime Minister as long as necessary.

Education Key to Development

16. (C) The Ambassador said that while American enterprises were eager to work in Bangladesh, they were concerned about the poor level of education found throughout the country. Bangladesh's poor performance in educating its people continues to hamper its development. Hasina strongly agreed on the critical role of education in Bangladesh's development. The PM declared that her government was dedicated to boosting educational levels and intended to build new schools in every upazilla (district). The GOB's ultimate goal was to make public education free through high school.

Petrobangla and Conoco Phillips

17. (C) Responding to the Ambassador's expression of confidence in the current chair of state energy enterprise Petrobangla, Hasina said that his retirement for age was mandatory. She expressed full trust instead in former Petrobangla Chairman Dr. Hosain Monsur, who will return to Petrobangla's helm. Noting the Ambassador's point on ConocoPhillips' interest in six disputed natural-gas blocks that ConocoPhillips had won earlier this year, the PM said that the six blocks would be re-bid. (Note: International oil companies are skeptical about Hosain Monsur, who they associate with leftist groups that have opposed the involvement of foreign companies in developing Bangladesh's hydrocarbon resources. ConocoPhillips is negotiating with the Government of Bangladesh for rights to explore two undisputed offshore gas exploration blocks. The remaining six blocks that may be re-bid are those contested with Burma and India. End Note.)

U.S. and Foreign Shipping Agencies

18. (C) PM Hasina expressed surprise at the Ambassador's point that U.S. and other foreign-owned shippers continued to be harassed despite the PM's instruction to allow their operations. She reiterated that officials at the Chittagong Port had been instructed to allow all shipping companies to operate regardless of proportion of foreign ownership. The Ambassador replied that even though this was the instruction from Dhaka, on the ground, foreign-owned companies were still facing unnecessary hurdles from local officials. Hasina assured the Ambassador that she would "minimize this gap."

Comment _____

19. (C) Climate change, food-security, UN Peace Keeping and counter-terrorism are areas where our two governments can productively work together. PM Hasina's support for improved Bangladeshi relations with India is similarly in the U.S. interest. However, the devil is in the details -- her decision to appoint a new chair of Petrobangla and letting the natural gas blocks out for re-bid are disappointing. The ability for the bureaucracy to ignore the Prime Minister's instructions to resolve problems involving foreign shipping companies reflects the difficulty the PM faces in implementing her agenda against the resistance of entrenched interests. Sustained engagement by the United States in Bangladesh offers the best prospect to support a reform agenda and maximize U.S. interests in Bangladesh, South Asia, and beyond.

DEAN